



*Serving those who serve South Carolina*

# Preretirement Insurance Education

2018



# Important information

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- This overview is not meant to serve as a comprehensive description of the benefits offered by the South Carolina Public Employee Benefit Authority.
- For detailed information, refer to the [Insurance Benefits Guide](#) and the [Retiree Packet](#), available at [www.peba.sc.gov](http://www.peba.sc.gov).



# Topics to cover

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- TERI participants and working retirees.
- Retiree insurance eligibility.
- Retiree enrollment and eligible dependents.
- Survivor insurance.
- Open enrollment.
- Retiree health plans.
- Prescription coverage.
- Dental coverage.
- State Vision Plan.
- Life insurance.
- Long term disability insurance.
- MoneyPlus.
- MyBenefits.

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# **TERI participants and working retirees**

All TERI participation ends  
June 30, 2018

# State law on returning to work

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- Member must have a bona fide termination from all covered employment in order to receive a retirement benefit.
- Benefits are suspended if the member is rehired into covered employment sooner than 30 consecutive calendar days after retirement.
- TERI participation counts toward the required 30 days of retirement.
- Member is subject to an annual \$10,000 earnings limitation from covered employment unless an exception is met.



# TERI participants

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- Remain covered as active employee until last day of permanent, full-time employment.
- Must apply for retiree insurance coverage within 30 days of leaving employment and ending TERI.
- Can apply as early as two to three months before ending TERI.

# Returning to work after TERI end date

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- At the end of TERI participation, member must have a bona fide severance of employment before being rehired into covered employment.
- After TERI participation ends, member is subject to the \$10,000 annual earnings limitation unless an exception is met.

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# **Retiree insurance eligibility**



# Retiree insurance eligibility

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- Eligibility for retirement is not the same as eligibility for retiree group insurance.
- Insurance benefits and retirement benefits have different requirements.
- Before you retire, you should submit an *Employment Verification Record* to determine your retiree group insurance eligibility.

# Insurance requirements for all participants

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- The employee must serve the last five years consecutively in a full-time, permanent position with an employer participating in the State Health Plan.
- This presentation gives eligibility based on earned service credit. This is either:
  - Time earned and established in one of the PEBA's defined benefit pension plans;
  - Time worked while participating in State ORP; or
  - Time worked for an employer that participates in the State Health Plan, but not PEBA's retirement plans.
- Earned service credit generally does not include purchased service credit.

# Reminder: Eligibility for unreduced SCRS benefit

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- Class Two
  - 28 years total, five years earned
  - Age 65, five years earned
- Class Three
  - Rule of 90: Age and years of service add up to 90, eight years earned
  - Age 65, eight years earned
- Disability

# Insurance for employees hired before May 2, 2008



Retirees of state agencies, higher education institutions and public school districts<sup>1</sup>

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying for premiums
Left employment after reaching retirement eligibility	5 years, but fewer than 10 years	You pay the full premium (employee and employer share)
	10 or more years	You pay the employee share of the premium only
Left employment before reaching retirement eligibility	Fewer than 20 years	Not eligible for retiree insurance coverage
	20 or more years	You pay the employee share of the premium only

<sup>1</sup> The employee must serve the last five years consecutively in a full-time, permanent position with an employer participating in the State Health Plan.

# Insurance for employees hired before May 2, 2008



## Retirees of local subdivisions<sup>2</sup>

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying for premiums
Left employment after reaching retirement eligibility	At least 5 years	Your portion of the premium, up to the full amount of the employee and employer share, is at your employer's discretion
Left employment before reaching retirement eligibility	Fewer than 20 years	Not eligible for retiree insurance coverage
	20 or more years	Your portion of the premium, up to the full amount of the employee and employer share, is at your employer's discretion

<sup>2</sup> The employee must serve the last five years consecutively in a full-time, permanent position with an employer participating in the State Health Plan.

# Insurance for employees hired on or after May 2, 2008



Retirees of state agencies, higher education institutions and public school districts<sup>3</sup>

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying for premiums
Left employment after reaching retirement eligibility	5 years, but fewer than 15 years	You pay the full premium (employee and employer share)
	15 years, but fewer than 25 years	You pay the employee share of the premium and 50% of the employer share of the premium
	25 or more years	You pay the employee share of the premium only
Left employment before reaching retirement eligibility	Fewer than 20 years	Not eligible for retiree insurance coverage
	20 years, but fewer than 25 years	You pay the employee share of the premium and 50% of the employer share of the premium
	25 or more years	You pay the employee share of the premium only

<sup>3</sup> The employee must serve the last five years consecutively in a full-time, permanent position with an employer participating in the State Health Plan.

# Insurance for employees hired on or after May 2, 2008



## Retirees of local subdivisions<sup>4</sup>

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying for premiums
Left employment after reaching retirement eligibility	At least 5 years	Your portion of the premium, up to the full amount of the employee and employer share, is at your employer's discretion
Left employment before reaching retirement eligibility	Fewer than 20 years	Not eligible for retiree insurance coverage
	20 or more years	Your portion of the premium, up to the full amount of the employee and employer share, is at your employer's discretion

<sup>4</sup> The employee must serve the last five years consecutively in a full-time, permanent position with an employer participating in the State Health Plan.



# 55/25 year rule

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- If you are a Class Two member of SCRS who retires under the 55/25 early retirement provision, you must pay the full premium (employee and employer share) until:
  - You reach age 60; or
  - The date you would have reached 28 years of service credit had you not retired, whichever occurs first.



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# **Retiree enrollment and eligible dependents**



# Retiree enrollment

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- Within 30 days of retirement, you must complete:
  - [Retiree Notice of Election](#) form;
  - [Employment Verification Record](#); and
  - [Certification regarding tobacco use](#), if applicable.
- *Retiree Packet* includes the forms and is available at [www.peba.sc.gov/assets/retireepacket.pdf](http://www.peba.sc.gov/assets/retireepacket.pdf).
- Forms are also available from your benefits office.
- You must submit documentation at the time of enrollment for all new dependents added to coverage.

# Eligible spouse dependents

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- Cannot cover in cases where the spouse is eligible for coverage as an employee.
- A spouse who is eligible for coverage as a retiree may be covered as a retiree or as a spouse, but not both.



# Eligible child dependents

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- Generally must be younger than age 26. A child over 26 who is incapacitated and for whom you are financially responsible can also be covered.
- Can be natural child, adopted child or child placed for legal adoption, stepchild or foster child. Can also include child for whom you have legal custody or are court ordered to provide insurance.
- A child who is under age 26 but employed by a PEBA-insurance-participating employer can enroll as an employee or dependent child.

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# **Survivor insurance**



# Insurance coverage

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- Surviving spouse or child may be eligible for survivor coverage as long as he:
  - Was covered as a dependent at time of subscriber's death;
  - Remains an eligible dependent – surviving spouses who remarry are not eligible; and
  - Pays the premium.



# Premiums

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- For survivors of retirees who receive state funding toward their premiums and active employees:
  - State Health Plan premiums are waived for one year.
  - Afterward, the survivor pays the full premium.
- Survivors of non-funded retirees pay full cost of premiums. No one-year waiver is available.
- Local subdivisions set their own premium rules.



# Open enrollment

Occurs each year in October



# Open enrollment options available every year

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- Enroll in, cancel or switch health plans.
- Enroll in or drop the State Vision Plan.
- Add or drop dependents from health and vision coverage.

# Open enrollment options available in odd-numbered years only

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- Enroll in or drop State Dental Plan and/or Dental Plus.
- Add or drop dependents from State Dental Plan and/or Dental Plus.
- To enroll in Dental Plus, you must enroll in the State Dental Plan and cover the same family members under both plans.



# Retiree health plans

# Non-Medicare-eligible options

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- State Health Plan Standard Plan.
- State Health Plan Savings Plan. No pretax contributions to a Health Savings Account (HSA) available.
- TRICARE Supplement Plan
  - For eligible members of the military community.
  - TRICARE rules apply.
  - Coverage ends at 65.



# Medicare-eligible options

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- State Health Plan Standard Plan.
- Medicare Supplemental Plan.
- See [Insurance Coverage for the Medicare-eligible Member](#) for detailed information.

# Automatic enrollment in the Medicare Supplemental Plan

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- Enrollment into the Medicare Supplemental Plan is automatic at age 65 for those who participate in the State Health Plan.
- PEBA will send you a notification three months before your 65<sup>th</sup> birthday.
- You can choose to opt out of the Medicare Supplemental Plan. As long as you are not working in a covered position, Medicare will be primary whether or not you opt out. If you remain with the Standard Plan in retirement, Medicare will still pay first toward your expenses.

# Medicare and the TRICARE Supplement Plan

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- If enrolled in the TRICARE Supplement Plan, you can cancel or switch health coverage once Medicare-eligible.
- TRICARE becomes TRICARE for Life, a Medicare supplement.



# Enrolling in Medicare

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- Once eligible, you should enroll in Medicare Parts A and B.
- The Medicare enrollment period begins three months before your 65<sup>th</sup> birthday.
- If you are receiving Social Security, the Social Security Administration will contact you and enroll you automatically. Otherwise, you must contact Social Security to enroll.



# Becoming Medicare-eligible before age 65



- You must notify PEBA and provide copy of your Medicare card.
- You can change health plans within 30 days of Medicare eligibility.





# 2018 Medicare benefits

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There is no Medicare or Medicare Supplemental Plan coverage outside U.S. and U.S. territories.

Part A (hospital benefits)	Part B (medical benefits)
<ul style="list-style-type: none"><li>• \$1,340 deductible per benefit period</li><li>• No monthly premium if enough work credits established</li></ul>	<ul style="list-style-type: none"><li>• \$183 annual deductible</li><li>• \$134 (average monthly premium as determined by Medicare)</li><li>• Plan pays 80 percent of approved charges</li></ul>

# 2018 Medicare Supplemental Plan benefits

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- Pays Medicare Part A deductible (\$1,340).
- Pays Medicare Part B deductible (\$183).
- Pays Medicare coinsurance, up to 100 percent of Medicare-approved charges.
- Offers no coverage outside the U.S.
- Includes prescription drug benefit.
- Claims for non-Medicare subscribers are processed under the Standard Plan.

# 2018 Medicare Supplemental Plan benefits example

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\$7,500 Hospital bill

- 1,340 Medicare Part A deductible

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\$6,160 Medicare pays

\$1,340 Remaining balance

- 1,340 Medicare Supplemental Plan pays Part A deductible

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**\$0 Retiree pays**

# 2018 Standard Plan benefits with Medicare

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- State Health Plan offers worldwide coverage.
- Includes prescription drug benefit.
- Uses carve-out method. You pay State Health Plan deductible and coinsurance or the balance of the bill, whichever is less.

# 2018 Standard Plan benefits with Medicare example



## State Health Plan without Medicare

\$7,500	Hospital bill
- 445	State Health Plan deductible
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\$7,055	State Health Plan liability
x 80%	State Health Plan coinsurance
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<b>\$5,644</b>	<b>State Health Plan pays</b>
<b>\$445</b>	<b>Retiree pays deductible</b>

## Medicare as primary payer

\$7,500	Hospital bill
- 1,340	Medicare Part A deductible
<hr/>	
<b>\$6,160</b>	<b>Medicare pays</b>
<b>\$1,340</b>	<b>Retiree pays deductible</b>

*State Health Plan pays nothing because Medicare paid more than the State Health Plan would have paid in the absence of Medicare*

## State Health Plan with carve-out

\$5,644	State Health Plan without Medicare
- 6,160	Medicare pays
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<b>\$0</b>	<b>State Health Plan pays</b>
<b>\$1,340</b>	<b>Retiree pays deductible</b>

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# **Prescription coverage**

# Medicare Part D drug program

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- Most subscribers covered by PEBA should remain enrolled in Express Scripts Medicare. This is the State Health Plan's Medicare Part D drug program.
- Subscribers may only have one Part D plan. If you enroll in a separate Part D program, you lose PEBA prescription benefits.
- Learn more in the [\*Insurance Benefits Guide\*](#) or contact Express Scripts.



# Medicare Supplemental Plan and Standard Plan prescription benefits



Copayment maximum: \$2,500 per person, then Plan pays 100 percent until end of calendar year.

Network pharmacy (31-day supply)	Mail-order pharmacy (90-day supply)
<ul style="list-style-type: none"><li>• Tier 1 (generic): \$9</li><li>• Tier 2 (preferred brand): \$38</li><li>• Tier 3 (non-preferred brand): \$63</li></ul>	<ul style="list-style-type: none"><li>• Tier 1 (generic): \$22</li><li>• Tier 2 (preferred brand): \$95</li><li>• Tier 3 (non-preferred brand): \$158</li></ul>



# Dental coverage

# State Dental Plan and Dental Plus

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- Enroll within 30 days of retirement or special eligibility situation.
- Enroll during open enrollment in odd-numbered years.
- Once enrolled, must remain enrolled until:
  - Next odd-numbered year open enrollment period; or
  - Within 30 days of a special eligibility situation.

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# State Vision Plan



# State Vision Plan

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- Enroll within 30 days of retirement or special eligibility situation.
- May enroll in or drop during open enrollment.



# Life insurance

# \$3,000 basic life insurance

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- Must have been enrolled in a health plan offered through PEBA at time of retirement.
- Can convert to a whole life policy within 31 days of retirement date.
- Premiums quoted and billed by contracted vendor, MetLife.
  - Retirees receive the conversion forms directly from MetLife.
  - These forms are not available on PEBA's website or in PEBA's *Retiree Packet*.



# Optional life insurance

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- Can convert existing coverage to a whole life policy within 31 days of retirement.
- Can continue existing coverage within 30 days of retirement.
  - Continue coverage in \$10,000 increments.
  - Retiree coverage ends the January 1 following the retiree's 75th birthday.





# Optional life insurance

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- Premiums:
  - Retirees continuing coverage will pay the same premium as active employees.
  - Converted policy premiums are underwritten individually by MetLife.
  - Retirees will receive the continuation and/or conversion forms directly from MetLife.
  - These forms will not be available on PEBA's website or included in PEBA's Retiree Packet.



# Dependent life insurance

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- Can convert existing coverage to a whole life policy within 31 days of retirement.
- Premiums quoted and billed by contracted vendor, MetLife.
  - Retirees will receive the conversion forms directly from MetLife.
  - These forms will not be available on PEBA's website or included in PEBA's *Retiree Packet*.

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# **Long term disability insurance**



# Long term disability

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- Basic long term disability
  - Available only to active employees enrolled in the State Health Plan.
  - Ends at retirement.
  - Cannot be converted to an individual policy.
- Supplemental long term disability
  - Available only to active employees.
  - Ends at retirement.

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# MoneyPlus



# MoneyPlus

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- Not available in retirement.
- Retirees not eligible for Medicare may continue Health Savings Account contributions, but not through MoneyPlus.

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# **MyBenefits**

# MyBenefits



- Available 24/7 at [www.mybenefits.sc.gov](http://www.mybenefits.sc.gov).
- Subscribers can:
  - Make changes during open enrollment;
  - Review benefits statement;
  - Upload supporting documentation;
  - Update life insurance beneficiaries;
  - Add a newborn to coverage; and
  - Change contact information.





# **Retired member benefits review**



# Benefits options

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- Health, dental and vision coverage.
- \$3,000 basic life insurance
  - Convert coverage only.
  - Billed by contracted vendor.
- Optional life insurance
  - Continue or convert.
  - Billed by contracted vendor.
- Dependent life insurance
  - Convert coverage only.
  - Billed by contracted vendor.

# Your benefits office in retirement

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- State agency, school district and higher education retirees:
  - PEBA will be your benefits administrator.
  - Premiums may be deducted from your retirement check.
- Local subdivision retirees:
  - Your former employer will remain your benefits administrator.
  - You will pay premiums through your former employer.



# Reminders

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- You are responsible for your benefits.
- Enrollment is not automatic.
- Complete and submit :
  - *Retiree Notice of Election*
  - *Employment Verification Record*
- Enroll within 30 days of retirement, when TERI ends, or when approved for disability.



# Contact us

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- 803.737.6800 or 888.260.9430.
- [www.peba.sc.gov](http://www.peba.sc.gov)
- 202 Arbor Lake Drive  
Columbia, SC 29223



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[www.scpeba.podbean.com](http://www.scpeba.podbean.com)



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# Disclaimer

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This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.